

Co-operative Organisations

The beginning of co-operative organisations in Dnipro-Ukraine and Western Ukraine date from the seventies and eighties of the 19th century. Foreign ideas and organisations supplied the model (especially English — Rochdale) e. g. the German foundations by Schulze — Delitzsch and Reiffeisen for credit co-operative societies. But they developed along other lines, their development being determined by legal and economic conditions which were nowhere the same — in the Russian Empire or Eastern Ukraine, in Austria-Hungary and the states which succeeded it and above all in Poland and therefore in Western Ukraine. In Dnipro-Ukraine the first co-operative society was founded in Kharkiv in 1866. The founder was M. Ballin, a landed proprietor and a man who was animated by co-operative ideals. He also wrote and was altogether a pioneer of the co-operative movement. Other co-operatives followed in the large towns but it was only after 1897 that general progress was marked when the statutes of a new co-operative society did not need to be approved by the Ministry of the Interior but only by the local governor. This is the time when Vasyl Domanytskyj, the Ukrainian champion of the co-operative movement wrote and worked.

Before World War I co-operative shops were the commonest co-operative organisation in Ukraine. Of the 6510 co-operative organisations in existence on January 1, 1914. 1075 (i. e. 47.2 %) were shops, while the 2370 co-operative credit societies were only 36.4 % of the total. Dnipro-Ukraine had 31 of all the co-operative shops in pre-war Russia (10 080) while it had only 19 % of the co-operative credit societies (12 995) and an average of only 22 % of all co-operative organisations (29 060).

474 The formation of unions was difficult and made little progress till 1917.

● 452 Credit co-operative societies began in Dniro-Ukraine in 1868 when the first Savings and Credit Society was founded in the town of Hadyach. Two years later Halahan, a big landed proprietor, founded a second in the village of Sokyryntsi and also in the Poltava district. The development of the movement was checked by the restrictions of Russian legislation. The state offered its support through the State Bank which in 1895 opened a special department as an office for the "control of small credit institutes". But the support of the state was not particularly effective and the very bureaucratic methods of control were not adapted to further a genuine co-operative spirit.

By the end of the century 295 organisations for savings and credit had been founded. And then a new form of credit co-operative society appeared. The law of 1895 had permitted the foundation of credit co-operatives without a capital that had first been paid in by members. The basic capital was credited by the State bank and had to be paid back gradually. This mutual loan type of bank appealed to the poor rural population. In 1897 the first Mutual Loan Bank in the whole empire was opened in the village of Ivankivtsi, in the district of Poltava. During the first year of the war 70 % of the credit co-operatives in Eastern Ukraine were of this new type.

Productive co-operative organisations found in Dniro-Ukraine a new form in agricultural concerns. Since the middle of the nineties they had been founded and promoted by M. Levytskyj, their indefatigable champion and organiser. Each of these co-operative societies was based on a contract, according to which the land of the members was managed in common and the produce divided among the members or their families.

It would be wrong to conclude that the Ukrainian rural population inclined either to communism or to the colkhose form of farming. These societies were formed for concrete purposes and after these were attained and the members — not without the support of the patrons — had enlarged their holdings, the societies were dissolved. Most of the 125 rural productive co-operative societies founded after 1902 scarcely

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lasted 2—3 years. A co-operative organisation was also formed in particular when land was to be purchased. 474
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From 1906 on many productive co-operative societies were also founded in towns and they lasted much longer. World War I was favorable to their development (army orders etc.).

Legislation and administrative authorities in imperial Russia were opposed to the formation of co-operative unions. In 1909 the first union of credit co-operative societies on Ukrainian territories was founded in Berdianske, and this was followed up to the Revolution of 1917 by a few unions, though there was no central organisation.

Co-operative organisations in Eastern Ukraine before World War I were characterised by difficulties of development, especially wherever there was an attempt to extend the scope beyond purely local needs and by the lack of generous legislation. Prominent among the circumstances of that time was the distrust of governing circles against all forms of co-operation, no matter in what nation. The national point of view was therefore disregarded; it was indeed impossible for a national Ukrainian policy of economy to develop under the Tsars. But it was evident soon after the outbreak of the Revolution that strong national powers were behind the co-operative movement. 474

The Revolution and political independence gave a tremendous impulse to the co-operative movement in Ukraine. National and co-operative forces were closely interwoven. Numerous men of the people came from the ranks of the co-operative organisation to take responsible offices in the state; the Ukrainian state, which could not look for support to any national capitalist vested interests, found effective help in the co-operative organisations. In 1917 the "Dniprosojus" was founded as the central body of the Ukrainian co-operative stores and on January 1, 1919, it counted 80 unions with 8 000 co-operative stores and 540 similar organisations (these figures increased later to 200 and 14 000 respectively). The central body operated productive plants of its own, fulfilled cultural functions etc.

The "Ukrainbank" also first saw light in 1917 and on January 1, 1919, it united more than 130 unions with several thousand

474 eigners. Circles round the "Prosvita", a society concerned with the culture and education of the people and later also with economics, were mainly responsible for the work of spreading economic ideas and forming organisations. This activity increased in intensity after the first national meeting of the Ukrainians in Lviv (1880).

After conducting a public campaign the "Prosvita" proceeded to further and found credit societies, grain silos, stores and trading societies. It also functioned through travelling teachers and courses, it granted bursaries for the study of economics abroad, founded vocational schools, experimental farms etc.

But amalgamation in a universal organisation at that time had also disadvantages for economic development. And as organisations the economic societies were not the most suitable. It was only when co-operative societies were founded that national economic efforts found their final and best form of organisation.

- 452 Individual credit co-operative societies appeared as early as 1873, when the "Vira", the first credit co-operative society, 474 was established in Tysmenytsia (it still exists to-day); but the growth of a sound system was not assured till the central body was organised in Lviv in 1898. At the end of 1911 this union comprised 320 credit co-operative societies, while about 100 were not members of the union. The local government erected an organisation which comprised 723 loan banks, 184 of which were Ukrainian. But this organisation was developed along Polish lines and was never of great significance for the development of a Ukrainian economic system.

It was typical for this "classical home of usury" in the years before the war that the credit co-operative societies far exceeded all other such organisations. After the first World War the central body founded in Lviv in 1898 was called "Centrobank". But credit co-operative organisations had to yield their priority of place to agricultural trading or productive co-operative organisations.

The New Economic Policy

the very beginning, for at the moment the primary need was for food and the peasants were compelled to live upon what they could raise. It was not long before the returning prosperity commenced new differentiations in the villages. The poorer peasants began to take advantage of the provisions that they could lease their newly acquired land, and while the Russian law provided that a lease could run for only three years, the Ninth All-Ukrainian Congress of Soviets soon lengthened this term to 13 years and liberalized the laws for hired labor. 423 427

The result was that by 1926, the poor peasants had leased 1,181,000 hectares and 53.9% of the peasants who had at least ten hectares rented additional land.

In a word, under the New Economic Policy conditions began, in fact, to return to what had been the situation prior to the revolution, with the exception that the great land owners had disappeared, but as they had been largely Russian or Polish, their departure only increased the Ukrainian influence in the villages and made them more homogeneous than they had been before. 185 423

The Commissariat of Agriculture endeavored during these years of reconstruction to maintain as independent a position as possible. It established its own independent services, its own research stations which were concerned with Ukrainian agricultural problems, its own breeding stations and its own bureaus for study and development of the various branches of agriculture, and it did its best to separate these from the similar services directed by Moscow and not concerned with the particular problems of Ukraine. [645]

The peasants responded to this with their own efforts. In 1922, with the famine still raging, they secured permission from Moscow to establish the so-called Selo-Pomich (or Village Aid) to provide credit for the peasants. This finally persuaded the Cheka to hand over part of the golden objects which they had stolen from the churches, and it used the capital thus secured to buy seed corn in America. It then loaned this to the peasants and when the harvest came, the loan was repaid in kind and more credit was then extended. [452] •

¹/₂ [During NEP -- Analyst]

438 in petty classes of trade, are still the occasion of much
443 buying and selling. The principal ones are as follows:

At Kiev the so-called Kontraktovaya fair is held from February 5 to 29. The goods dealt in are carpets, woven materials, silk, ready-made clothing, wooden goods, preserved fish, groceries, sugar, flax, iron, machines, coal, and salt. The real importance of the fair lies in its being the meeting-place for traders of all sorts from the neighbouring provinces. Bankers, agriculturists, and manufacturers meet to settle old and to make new contracts (hence its title), to liquidate or renew bills, &c. The turnover is about £250,000.

Poltava has a fair called Illinskaya from July 1 to 31. It is exclusively for the sale of skins, leather, and manufactures thereof. The turnover averages about £100,000.

Kharkov has four annual fairs, named after the religious festivals at which they are held: (1) Kreshenskaya (Epiphany), January 6 to February 1, for trade in manufactured goods, groceries, peltry, and leather. The turnover is about £1,250,000. (2) Troitskaya (Trinity), June 1 to 30, for trade in wool, sheepskins, and manufactured goods. Turnover, about £500,000. (3) Uspenskaya (Assumption), August 1 to 31, for manufactured and colonial goods. Turnover, about £900,000. (4) Pokrovskaya (Intercession of the Virgin), October 1 to 26 for general trade, as at Kreshenskaya. Turnover, about £1,250,000.

Jitomir has a hop fair from September 6 to 14 for the sale of the season's crop, the value of which fluctuates widely from year to year.

A large annual fair, principally for the disposal of wool, is held at Kakhovka.

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● 452 The internal trade of the Ukraine is generally conducted on the basis of a long credit, six to nine months by bill; and the fairs and exchanges give opportunity to gauge the general financial state of the country, which is almost totally dependent upon harvest conditions, and to provide for liquidation or renewal of the floating credit as circumstances require.

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BANKING

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grain. The bank's net profits in 1904 were £1,200,000, ⁴⁵³ and in 1910 £2,400,000. The capital is £5,000,000, ⁶⁵² and the reserve £500,000.

The Land Bank of the Nobility was founded after the liberation of the serfs to make advances on land, to finance the nobility involved in the transfer of part of their estates to the peasants, and to prevent the ruinous hypothecation of their land elsewhere.

The Peasants' Land Bank, founded in 1883, renders similar services to the peasants, advancing money on land to increase peasant holdings, to purchase agricultural machinery or live-stock, and for other objects.

The State Savings Banks carry out the function their title suggests, and also undertake certain minor insurance business. Branches can be opened in all towns and villages. The management is supervised by the Imperial State Bank. The banks were started in 1862 with 140,000 accounts and £850,000 in deposits, and in 1907 had 6,940,000 accounts and £128,000,000 in deposits.

Joint-stock land banks form the next group of ⁴⁵³ important banks. There are four in the Ukraine, with resources as follows:

<i>Bank.</i>	<i>Share Capital.</i>	<i>Reserves.</i>	<i>Bonds in circulation.</i>
	£	£	£
Kharkov	1,170,000	200,000	12,000,000
Poltava	800,000	600,000	11,000,000
Bessarabia-Taurida	700,000	500,000	11,000,000
Kiev	600,000	400,000	9,500,000

These banks advance money on agricultural security on a business basis, and make considerable profits.

Mutual credit associations form another group, and ⁴⁵² are spread all over the country, their aggregate turnover being very great. They vary very much in size and extent of operations, but in general their rate of interest is high.

Trading banks form the last great group. They ⁴⁵³ are usually joint-stock concerns, and are carried on according to the German model, their foundation being

/91/ [Galicia] Self-Aid [Volhynia]

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Galicia and Volhynia are parts of the ghetto of the world, lying between Cracow and Odessa. There is no question about the fact that anyone who can here compete commercially with the Jews and politically with the Poles has certain abilities. The Ukrainians of Galicia have a talent for organization. If their business methods are often primitive according to our conceptions, it is not their fault. Where proper money is scarce, as is the case among all small peasants of the East and Southeast, it is replaced by some marketable goods: people unhesitatingly deal in eggs. Ukrainian cooperatives tried very hard to change these conditions; they were equally adept in ancient barter as in international business involving clearing and regulations pertaining to payments and foreign exchange.

• [452]
Jews and cooperatives waged a bitter fight against each other. But where usury and chain businesses of ill repute flourish, cooperatives have an easy time of it. Before the First World War the usurers demanded a 100% interest. Now they say: "I am giving you money; good, - but you must sell me your calves, your geese, your chickens and your eggs." For a zentner of seed they demand two zentner of produce from the harvest. In the gin shops they manage to obtain, by fraudulent means, the best pastures of the Huzul country, only to rent them to the former owners. If the cooperative makes its way into such villages which are under Jewish domination, it soon has the peasants on its side, and since no one buys from the Jew, no one sells to him and his inn is avoided, he must sooner or later pack up his belongings. /92/

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For the Ukrainians the Jewish problem is a problem of food. Wherever people have ambitions and where they desire to improve their basic way of living, they run up against Jews. Jews